

## Message Text

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ACTION EUR-12

INFO OCT-01 ARA-06 NEA-09 ISO-00 SAM-01 NIC-01 CIAE-00

PM-03 H-02 INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 ACDA-05 TRSE-00 SAJ-01 IO-10 AF-06

AID-05 EB-07 CIEP-01 STR-04 OMB-01 CEA-01 AGR-05

COME-00 FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 /133 W

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R 071010Z APR 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 2390

INFO AMEMBASSY ALGIERS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

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AMEMBASSY ROME

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LIMITED OFFICIAL USE SECTION 1 OF 2 LISBON 1963

E.O. 11652: N/A

TAGS: ECON, PINT, PO

SUBJ: INTERVIEW WITH MARIO MURTEIRA

REF: LISBON 1914 (NOTAL)

SUMMARY: IN PRESS INTERVIEW NEW MINISTER FOR PLANNING AND ECONOMIC COORDINATION MARIO MURTEIRA WARNED THAT ECONOMIC BOYCOTT BY ONE "POLITICAL CAMP" WOULD RESULT IN PORTUGAL'S ECONOMIC ALIGNMENT WITH ANOTHER ONE; SAID BANK AND INSURANCE NATIONALIZATIONS MEANT STATE ASSUMPTION OF CONTROL OF ECONOMIC OPTIONS, WHILE PRESERVING LARGE PRIVATE SECTOR, SAID GOVERNMENT WILL REVIEW ECONOMIC AND SOCIAL PROGRAM (ESP), AND ESTABLISH RULES OF GAME, PLACED APPOINTMENT OF MELO ANTUNES AS FOREIGN MINISTER WITHIN FRAMEWORK OF THIRD WORLD RELATIONS; AND DENIED SUBSTANTIAL FALL IN EMIGRANT REMITTANCES. END SUMMARY.

1. INTERVIEW GRANTED TO PORTUGUESE NEWS AGENCY ANI BY NEW MINISTER FOR PLANNING AND ECONOMIC COORDINATION MARIO MURTEIRA, CARRIED IN APRIL 4 DIARIO DE NOTICIAS, IS MOST EXTENSIVE EXPOSITION OF HIS IDEAS SINCE HE ASSUMED OFFICE LAST WEEK.

HIGHLIGHTS:

(A) "ECONOMIC BOYCOTT": MURTEIRA SAID HE DOES NOT FORESEE STRONG ECONOMIC PRESSURES (PUT IN TERMS OF "BOYCOTT") ON IMMEDIATE HORIZON. HOWEVER, HE ISSUED HARDLY VEILED WARNING TO "CAPITALIST/IMPERIALIST WORLD, THAT, DESPITE PORTUGAL'S DESIRE TO REMAIN INDEPENDENT, ANY SUCH BOYCOTT WOULD RESULT IN ALIGNMENT OF PORTUGUESE ECONOMY WITH "SOME POLITICAL CAMP."

(B) CHANGE OF ECONOMIC POWER: BANK AND INSURANCE NATIONALIZATIONS MEANT FINAL DISPOSSESSION OF OLD ECONOMIC POWER CENTERS AND REPLACEMENT BY STATE IN CONTROLLING AND DECIDING MAIN ECONOMIC OPTIONS. THIS DOES NOT PREJUDICE EXISTENCE OF A LARGE PRIVATE SECTOR OPERATING WITHIN FRAMEWORK OF NATIONAL PLAN.

(C) BANK OPERATIONS: NATIONALIZATION OF BANKS PERMITTED UNCOVERING SECRETS OF BIG NATIONAL AND INTERNATIONAL CAPITAL  
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FRAUD, DIVERSION OF FUNDS ABROAD, FAVORITISM FOR BIG COMPANIES, AND CORRUPTION. NATIONALIZATION ALSO PERMITS CREDIT RESTRUCTURING TO SERVE MORE IMPORTANT SECTORS: SMALL AND MEDIUM ENTERPRISES, AGRICULTURE, AND PRIORITY IMPORTS.

(D) REVISION OF ECONOMIC AND SOCIAL PROGRAM (ESP): REVIEW OF ESP IS INDISPENSABLE IN LIGHT OF ACCELERATION OF REVOLUTIONARY PROCESS AND NEW POSSIBILITIES OFFERED BY BANK NATIONALIZATION.

ESTABLISHMENT OF RULES OF GAME IS NECESSARY BEFORE PRIVATE SECTOR CAN TAKE ACTIVE ROLE. AS INDICATED BY PRIME MINISTER, GOVERNMENT INTENDS TO DEMARCATHE CLEARLY BASIC SECTORS TO BE NATIONALIZED--ALREADY DEFINED IN ESP--AND GIVE NECESSARY GUARANTEES TO PRIVATE INITIATIVE.

(E) PRIORITIES AND PROGRAMS: UNEMPLOYMENT PROBLEM IS TO GET PRIORITY OVER INFLATION. NATIONAL JOB PROGRAM IS TO BE ISSUED WITHIN A FEW WEEKS. OTHER PROGRAMS BEING STUDIED FOR RAPID IMPLEMENTATION INCLUDE PRICES AND SALARIES, INTERNATIONAL ECONOMIC RELATIONS, AGRARIAN REFORM, AND CONSTRUCTION AND HOUSING.

(F) AGRICULTURE: WITH SOME EXCEPTIONS, RESTRUCTURING AND PRODUCTION INCREASES ARE LONG-TERM PROPOSITIONS. AGRARIAN REFORM IN THE THE SOUTH WILL BE RELATIVELY RAPID. REFORM IN THE NORTH OF SMALL UNPRODUCTIVE FARMS WILL BE POSSIBLE (IN SOME ASPECTS), BUT THE PROCESS MUST BE SLOWER.

(G) CONSUMPTION AND IMPORTS: PORTUGAL HAS BEEN LIVING BEYOND ITS SEMI-DEVELOPED MEANS. CONSUMPTION PATTERNS HAVE TO BE CHANGED BOTH FOR SOCIAL JUSTICE AND ECONOMIC EFFICIENCY. A SELECTIVE IMPORT POLICY IS MUCH MORE RAPID AND EFFICIENT THAN MORE COMPLEX METHODS LIKE NATIONALIZATION OF FOREIGN TRADE. IMPORT RESTRICTIONS WILL REQUIRE NEGOTIATIONS WITH EC, EFTA, IMF, AND GATT.

(H) THIRD WORLD: NATIONAL INDEPENDENCE WILL NOT MEAN TURNING PORTUGAL'S BACK ON EUROPE, BUT RATHER INCREASING RANGE OF SYSTEM AND CONQUERING NEW MARKETS. SIGNIFICANCE OF APPOINTMENT OF MAJOR MELO ANTUNES AS FOREIGN MINISTER IS THAT HE IS ONE OF ARMED FORCES MOVEMENT (AFM) MEMBERS WHO CONTRIBUTED MOST TO RAPPROACHMENT WITH "PROGRESSIVE COUNTRIES" OF THIRD WORLD. RIGHT AFTER HIS RETURN FROM CURRENT AFRICA TRIP, LIMITED OFFICIAL USE

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ANTUNES WILL BEGIN, STARTING IN ALGIERS, AN ECONOMIC MISSION INVOLVING CONCRETE DISCUSSIONS OF ECONOMIC COOPERATION.

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(I) EMANCIPATION OF OPPRESSED: QUESTION ABOUT INCREASED  
ECONOMIC TIES WITH BRAZIL ONLY EVOKED STATEMENT THAT THE TWO  
COUNTRIES, WHATEVER THEIR INTERNAL POLITICAL SYSTEMS, CAN  
EFFECTIVELY COOPERATE IN PROGRESSIVE MODIFICATION OF INTERNA-

TIONAL ORDER, NAMELY IN EMANCIPATING OPPRESSED AND DISFAVORED VICTIMS OF IMPERIALISM.

(J) EMIGRANTS: MURTEIRA STRESSED FUNDAMENTAL IMPORTANCE OF EMIGRANTS' SOLIDARITY WITH ADVANCES IN PROCESS. HE DENIED THAT ANNUAL INFLOW OF \$1.2 BILLION HAS BEEN AFFECTED EXCEPT FOR "A FEW DAYS" IN THE MOST CRITICAL PERIODS.

2. COMMENT:

A. IN SOME RESPECTS, NAMELY IN EMPHASIS ON CONTROL OF ECONOMIC DECISION-MAKING, IMPORTANCE OF THIRD WORLD RELATIONS, NATIONAL INDEPENDENCE, AND AGRARIAN REFORM, MURTEIRA'S REMARKS WERE SIMILAR TO ECONOMIC PLANKS IN ELECTORAL PROGRAM OF PORTUGUESE DEMOCRATIC MOVEMENT (MDP/CDE) (REFTEL), WITH WHICH HE AND BULK OF GOVERNMENT'S TEAM OF ECONOMIC MINISTERS ARE CONNECTED (LISBON 1715, 1812 (NOTAL). HOWEVER, HE WAS ON THE WHOLE LESS RHETORICAL, AND AVOIDED COMPLETELY ANY REFERENCES TO MONOPOLIES OR POPULAR PARTICIPATION AND VIGILANCE.

B. REVISION OF ESP DOES NOT COME AS A SURPRISE. EVEN BEFORE THE RADICAL CHANGES UNLEASHED BY MARCH 11, MDP LEADER PEREIRA DE MOURA, NOW MINISTER WIHTOUT PORTFOLIO, SEVERELY CRITICIZED ESP AND DESCRIBED IT AS ONLY A MINIMUM LINE OF ACTION. NOW CHANGE OF GOVERNMENT HAS REMOVED MANY OF "CONTRADICTIONS: WITHIN THIRD PROVISIONAL GOVERNMENT, ESPECIALLY AMONG THE ECONOMIC TEAM, AND THE ESP'S NATIONALIZATION LIMITS HAVE ALREADY BEEN EXCEED. IN LIGHT OF GOVERNMENT'S ACTIONS SINCE MARCH 11, MURTEIRA'S STATEMENTS ABOUT PRESERVING PRIVATE SECTOR AND ESTABLISHING RULES OF THE GAME WILL REASSURE NO ONE. HAVING SEEN THE ESP DISREGARDED LESS THAN A MONTH AFTER ITS PUBLICATION, PRIVATE SECTOR WILL NEED MORE THAN WORDS TO BE CONVINCED.

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C. WE BELIEVE MURTEIRA IS IN ERROR WHEN HE SAYS THAT EMIGRANTS' REMITTANCES REACHED \$1.2 BILLION IN 1974. HE APPEARS TO HAVE USED THE FIGURE FOR TOTAL INVISIBLE, WHICH WOULD INCLUDE TOURISM. HIS OPTIMISM ABOUT THE FUTURE OF THESE REMITTANCES IS ALSO DOUBTFUL. WE KNOW THAT THE CRISES OF APRIL 25 AND SEPTEMBER 28 TEMPORARILY INTERRUPTED THEIR FLOW. THE MARCH 11 CRISIS, WHICH PRODUCED THE NATIONALIZATION OF THE BANKS, IS LIKELY TO BE MUCH MORE DAMAGING TO EMIGRANTS' CONFIDENCE. CARLUCCI

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## Message Attributes

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**Draft Date:** 07 APR 1975  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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